

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-13
OMB-01 TRSE-00 ACDA-07 /079 W
-----031729Z 005924 /41

O R 031615Z MAR 77
FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC PRIORITY 4066
USMISSION NATO IMMEDIATE
INFO SECDEF WASHDC
USCINCEUR VAIHINGEN GE
USNMR SHAPE
USLO SACLANT

C O N F I D E N T I A L COPENHAGEN 1299

E.O. 11652: GDS
TAGS: MPOL, DA
SUBJECT: NEW DANISH DEFENSE AGREEMENT -THE END OF A LONG ROAD

REFS: A. COPENHAGEN 1173 DTG 261415Z FEB 77
B. 74 COPENHAGEN 2373 DTG 281611Z AUG 74
C. 76 COPENHAGEN 0274 DTG 231730Z JAN 76
D. USNATO 1102 DTG 011746Z MAR 77

SUMMARY. AFTER INNUMERABLE FALSE ALARMS, THE DANES FINALLY
CONCLUDED AN ACCEPTABLE DEFENSE AGREEMENT WHICH WILL BE
APPROVED BY APRLIAMENT. THE NEW AGREEMENT IS ESSENTIALLY
A DUPLICATION OF THE PRESENT FOUR-YEAR AGREEMENT WHICH
EXPIRES MARCH 31 AND PROVIDES FOR A MODEST INCREASE IN
DEFENSE SPENDING. WE HAVE REGARDED THE CONCLUSION OF SUCH
AN AGREEMENT AS ONE OF OUR PRIMARY GOALS IN DENMARK. WE
ARE HEARTENED THAT THE DANES ARE ALSO DISPLAYING MORE
ACCOMMODATION ON SUCH MATTERS AS NATO AEW AND INFRA-
STRUCTURE FUNDING. THEY DESERVE A "WELL DONE" FOR
THEIR STEADFASTNESS IN DEFENSE SPENDING DURING A
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TIME OF ECONOMIC GLOOM, A STEADFASTNESS WHICH MIGHT
SERVE AS AN EXAMPLE TO OTHER IN THE ALLIANCE. END SUMMARY.

1. THE COLLECTIVE SIGH OF RELIEF WHEN WE LEARNED OF
THE CONCLUSION OF A NEW DANISH DEFENSE AGREEMENT (REF
A) COULD CERTAINLY BE HEARD AS FAR AS BRUSSLES, AND
PERHAPS EVEN TO WASHINGTON. WE HAVE REGARDED THE

CONCLUSION OF A NEW, ACCEPTABLE AGREEMENT AS ONE OF OUR PRIMARY GOALS HERE. WITHIN THE RECOLLECTION OF ANY OF US NOW HERE, OUR PRESSURES ON THE DANES AT LEAST TO KEEP UP CURRENT LEVELS OF DEFENSE EXPENDITURES GO BACK TO AUGUST 1974 (REF B) WHEN WE EXPRESSED SERIOUS CONCERN OVER THE CONSIDERATION THEN BEING GIVEN BY THE SOCIAL DEMOCRATS TO REOPEN THE 1973-77 AGREEMENT IN ORDER TO MAKE CUTS.

2. SINCE NEGOTIATIONS BEGAN IN EARNEST ABOUT A YEAR AGO (REF C), WE HAVE MADE MORE REPRESENTATIONS TO DANISH MILITARY AND POLITICAL LEADERS THAN WE CARE TO COUNT, INCLUDING DISCUSSIONS BETWEEN THE AMBASSADOR AND PRIME MINISTER ANKER JORGENSEN. OVER THIS PERIOD THERE HAVE BEEN INNUMERABLE FALSE ALARMS. THESE INCLUDED REPORTS THAT A NEW AGREEMENT WAS ABOUT TO BE SIGNED AS LONG AGO AS LAST SPRING. THERE WERE MORE RECENT INDICATIONS THAT IT WOULD BE IMPOSSIBLE TO OBTAIN ANY NEW MULTI-YEAR AGREEMENT. IT ALSO LOOKED FOR A WHILE THAT THE NEW AGREEMENT WOULD BE ONE OF SIX-YEAR DURATION. AND IT APPEARED ALMOST INEVITABLE FOR A VERY LONG TIME THAT CUTS IN DEFENSE SPENDING WOULD BE MADE, AT LEAST IN THE EARLY YEARS OF A NEW AGREEMENT.

3. WHAT FINALLY EVENTUATED IS NOT PERFECT AND DOES NOT PROVIDE FOR THE LEVEL OF DANISH DEFENSE SPENDING IN TERMS OF GNP THAT WE AND NATO WOULD LIKE TO SEE. ON THE OTHER HAND, MATTERS COULD HAVE BEEN DRAMATICALLY WORSE.

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4. WHAT WAS OBTAINED? A BILL, WHOSE EARLY PASSAGE IS A FOREGONE CONCLUSION, WAS INTRODUCED INTO THE FOLKETING THIS WEEK TO IMPLEMENT THE EXTRA-PARLIAMENTARY AGREEMENT AMONG POLITICAL PARTIES WHICH TOGETHER CONSTITUTE A SIZEABLE FOLKETING MAJORITY. WHEN THE BILL IS ACTUALLY PASSED, WE SHALL COMPARE IT IN DETAIL WITH THE EXISTING DEFENSE AGREEMENT.

5. IT IS CLEAR, HOWEVER, THAT THE NEW AGREEMENT FOLLOWS ALMOST EXACTLY THE ONE EXPIRING MARCH 31ST: THAT IS, FOUR YEARS DURATION AND ADJUSTED ANNUALLY FOR INFLATION. THESE PROVISIONS PROTECT DEFENSE EXPENDITURES FROM A YEARLY PARLIAMENTARY SCRUTINY AND POSSIBLE ATTACK AS WELL AS AGAINST EROSION FROM WAGE AND PRICE INCREASES. ANY CHANGES IN THE AGREEMENT WOULD REQUIRE THE UNANIMOUS CONSENT OF ALL OF THE PARTIES TO IT. (THIS WAS THE FINAL STICKY POINT WITH THE RADICAL PARTY WHOSE PARTICIPATION IS APPARENTLY STILL IN DOUBT.

THE RADICALS, WHO WISH TO REDUCE DEFENSE EXPENDITURES,
ARE NOT NEEDED TO PASS THE BILL IN PARLIAMENT.)

6. ACCORDING TO OUR LATEST INFORMATION, A LINEAR
PROJECTION OF THE PRESENT AGREEMENT SETS DANISH DEFENSE
SPENDING AT 5.547 MILLION DANISH KRONER ANNUALLY
(YESTERDAY, 5.89 DANISH KRONER EQUALLED US\$ 1) AT
APRIL 1976 PRICES. IN ADDITION TO THE ABOVE AMOUNT,
INCREASED APPROPRIATIONS FOR THE HOME GUARD ARE
AUTHORIZED IN AN AMOUNT NOT TO EXCEED 32 MILLION
DANISH KRONER OVER THE PERIOD OF THE AGREEMENT. ON
TOP OF THIS, PREVIOUSLY-AUTHORIZED CONSCRIPT PAY IN-
CREASES ARE TO BE ADDED AS WELL AS AN UNSPECIFIED
AMOUNT (PERHAPS 500 MILLION DANISH KRONER OVER THE
FOUR-YEAR PERIOD) FOR INCREASED RESPONSIBILITIES FOR
FISHERY INSPECTION (200 MILE ZONE, PARTICULARLY AROUND
GREENLAND), POLLUTION CONTROL AND UN PREACEKEEPING
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OPERATIONS. THE RESULT FOR THE FOUR-YEAR PERIOD
IS A MODEST IMPROVEMENT OVER PRESENT SPENDING LEVELS.

7. THERE ARE NO CHANGES IN FORCE GOALS, NO CHANGES
IN THE DURATION OF CONSCRIPT SERVICE, AND NO CHANGES
IN THE STRUCTURE OF DEFENSE FROM THAT SET OUT IN THE
PRESENT, 1973-77, DEFENSE AGREEMENT. A
SLIGHT INCREASE IN PERSONNEL IS PROVIDED.

8. WE WOULD BE AMIS IF WE FAILED TO PUT THE ACHIEVE-
MENT OF THE NEW AGREEMENT IN THE BROADER PROSPECTIVE
OF THE SOCIAL, POLITICAL AND ECONOMIC REALITIES IN
DENMARK TODAY. THE DANISH ECONOMY IS FACED WITH SERIOUS
DIFFICULTIES. BALANCE OF PAYMENTS AND BUDGET DEFICITS
ARE AT RECORD HIGHS, AND UNEMPLOYMENT HAS REACHED A
DISTURBING LEVEL. ALL MINISTRIES HAVE BEEN SUBJECTED
TO AN ACROSS-THE-BOARD 10 PERCENT CUT-- WHICH WOULD HAVE ALSO
BEEN REFLECTED IN DEFENSE HAD A NEW AGREEMENT NOT BEEN
OBTAINED. THE SOCIAL DEMOCRATS HAVE HAD THE REPUTATION
OF BEING "SOFT" ON DEFENSE ISSUES AND EXPENDITURES.
THEY WERE THE ONES, FOR EXAMPLE, WHO WERE PRIMARILY
RESPONSIBLE FOR THE IMPORTANT CUTS MADE IN THE DANISH
DEFENSE ESTABLISHMENT AT THE TIME THE 1973-77 AGREE-
MENT WAS CONCLUDED.

9. NOT ONLY DID THE DANES COME THROUGH ON A NEW,
ACCEPTABLE DEFENSE AGREEMENT, BUT IT ALSO APPEARS THAT
THEY ARE BEING FORTHCOMING IN TWO OTHER IMPORTANT
AREAS: NATO AEW AND INFRASTRUCTURE FUND INCREASES.
ON AWACS, THE DANES MAY WELL BE MOVING
FROM OPPOSITION TO THE PROGRAM ON MILITARY AND

TECHNICAL GROUNDS (VEN BEFORE THE FUNDING ISSUES WAS ADDRESSED) TO THE MAKING OF A SMALL BUT HOPEFULLY REASONABLE CONTRIBUTION TO THE PROCUREMENT OF THE SYSTEM ITSELF. AND WE WERE HEARTENED TO LEARN (REF D) THAT THE DANES HAVE AGREED TO AN INCREASE IN NATO
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INFRASTRUCTURE FUND CEILING.

10. ALL THIS, IN OUR VIEW, ADDS UP TO THE JUDGMENT THAT THE DANES DESERVE A "WELL DONE". THEIR PERSEVERANCE, AND EVEN COURAGE, IN MAINTAINING SATISFACTORY LEVELS OF DEFENSE EXPENDITURES UNDER THE CIRCUMSTANCES DESCRIBED ABOVE COULD, IT SEEMS TO US, SERVE AS A POSITIVE EXAMPLE FOR OTHER MEMBERS OF THE ALLIANCE IN DISCUSSIONS WE AND NATO UNDERTAKE WITH THEM ON SUCH MATTERS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY AGREEMENTS
Control Number: n/a
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Sent Date: 03-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977COPENH01299
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770073-0867
Format: TEL
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770398/aaaadiho.tel
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Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: 88b0d7be-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 COPENHAGEN 1173, 74 COPENHAGEN 2373, 76 COPENHAGEN 274
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3222648
Secure: OPEN
Status: NATIVE
Subject: NEW DANISH DEFENSE AGREEMENT -THE END OF A LONG ROAD
TAGS: MPOL, DA, US
To: STATE NATO BRUSSELS
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/88b0d7be-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009